

HEADQUARTERS,
DEPARTMENT OF THE ARMY
WASHINGTON, D.C., 20310, 19 July 1963PERSONNEL—GENERAL
BONDING OF PERSONNEL

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1. Statutory provisions. The statutes listed below are the statutory authority for the bonding of individuals and matters relating thereto.

- a. 6 U.S.C. 2-7, 10, 14, 15.
- b. 10 U.S.C. 4834.
- c. R.S. 3614 (31 U.S.C. 481).
- d. R.S. 3639 (31 U.S.C. 521).
- e. 32 U.S.C. 708(b).
- f. Act 3 July 1926 (44 Stat. 888; 31 U.S.C. 103a).
- g. Sections 2 and 4, Act 29 December 1941 (55 Stat. 875; 31 U.S.C. 82e, 82e).
- h. 10 U.S.C. 2773.

2. Authority and responsibility. Under the provisions of 6 U.S.C. 14, surety bonds for military personnel and civilian employees of the United States are to be provided at Government expense. The authority to obtain such bonds granted by the statute to the Secretary of Defense as head of an executive department has been delegated with respect to the Department of the Army to the Secretary of the Army and redelegated to the Chief of Finance. The Chief of Finance is responsible for—

a. Obtaining a surety bond or bonds covering the civilian officers and employees and military personnel who are required by law, regulation, or administrative ruling to be bonded;

b. Determining the positions to be covered by the bond or bonds and the amount of indemnity for each position;

c. Obtaining the surety bond or bonds in the manner and form required by 6 U.S.C. 14 and applicable regulations of the Treasury Department (31 CFR 226);

d. Paying the premiums for such bond or bonds as prescribed by the statute;

e. Providing continuous surety coverage; and
f. Otherwise fulfilling the requirements of 6 U.S.C. 14, and implementing regulations of the Treasury Department and the Department of Defense.

3. Additional responsibility. a. By direction of Department of Defense the Chief of Finance is assigned responsibility for the procurement of the calendar year 1963 position-schedule bond to cover certain civilian officers and employees and military personnel of the Department of Defense.

b. The responsibility requires that—

(1) The bond procured by Department of the Army for calendar year 1963 include positions that are in Department of Defense, but not in a military department, in addition to the positions in the Department of the Army.

(2) That the positions requiring coverage by bond in the various Defense agencies and other DOD elements be covered by position titles and in the penal amounts as prescribed by Department of Defense. The agencies and elements are Secretary of Defense Activities, Joint Chiefs of

*These regulations supersede AR 600-13, 6 June 1960.

Staff Organization, Defense Communications Agency, Defense Atomic Support Agency, Defense Intelligence Agency, National Security Agency, Defense Supply Agency, Office of Civil Defense, and Armed Forces Information and Education.

4. Type and condition of bond. *a.* In accordance with the stated policy of the Department of Defense, those positions for which it has been determined that bond protection is necessary, are covered by a position schedule bond. The Department of Army positions and Department of Defense agency positions having bond coverage under the combined DA-DOD bond are set forth in these regulations.

b. An individual is deemed to be filling a position when assigned the duties of the position permanently or is temporarily detailed thereto. The bond provides coverage for such individual, including civilian officers and employees and military personnel of the Department of the Navy and Department of Air Force and other U.S. Government agencies, when serving in a position that is bonded by the combined DA-DOD bond. The bond is solely in favor of the United States as obligee, and is conditioned upon the faithful performance of the duties of the individuals so bonded. It expressly provides that the term "faithful performance of duties" will include the proper accounting for all funds or property received by reason of the position or employment of the individual bonded thereby, and the discharge of all duties and responsibilities now or hereafter imposed upon such individual by law or by regulation issued pursuant thereto.

5. Bonded positions within Department of Army. Any military member or civilian employee of the Army (including foreign nationals), regardless of grade, rank, or branch of service, will be covered by the Army position schedule bond in the penal amount shown when filling the positions listed below, except the position of property officer. Only the following personnel are covered by the bond when filling the position of property officer: commissioned officers appointed in, assigned to, or detailed to the Quartermaster Corps, warrant officers, enlisted members, and civilian employees (10 U.S.C. 4834).

<i>Position title</i>	<i>Penal amount</i>
Disbursing positions:	
Disbursing Officer.....	\$10,000
Deputy to Disbursing Officer.....	10,000
Special Disbursing Agent.....	5,000
Deputy to Special Disbursing Agent.....	5,000
Class B Agent to Disbursing Officer.....	5,000
Cashier to Disbursing Officer, Special Disbursing Agent, or Class B Agent.....	5,000
Assistant to Finance and Accounting Officer, Corps of Engineers (finance and accounting officer must disburse public money for assistant to be covered under the bond)....	5,000
Logistical positions:	
Imprest Fund Cashier (Army National Guard and Active Army).....	5,000
Quartermaster Clothing Sales Store Cashier.....	5,000
Property Officer (vested with formal accountability for Army property (see AR 735-5) and/or Army library account(s)). See AR 735-7600-1 and AR 40-2.....	5,000
Property Disposal Officer. See AR 755-5.....	5,000
Commissary Officer. See AR 31-200.....	5,000
Commissary Officer's Representative. See AR 31-200.....	5,000
Medical Services Accountable Officer (includes only warrant officers and civilian employees who are designated as accountable officers of the MSA at Army medical treatment facilities).....	5,000
United States Property and Fiscal Officer (N. G.).....	10,000
Inter American Geodetic Survey Cashier.....	5,000
United States Disciplinary Barracks positions:	
Custodian, USDB Prisoners' Personal Deposit Fund.....	10,000
Chief Clerk, USDB Prisoners' Personal Deposit Fund.....	5,000
Property Clerk, USDB Prisoners' Personal Deposit Fund.....	5,000
Chief Bookkeeper, USDB Prisoners' Personal Deposit Fund.....	5,000
Bookkeeper (Cashier) USDB Prisoners' Personal Deposit Fund.....	5,000
Mail Clerk, USDB Prisoners' Personal Deposit Fund.....	5,000
Guardhouse and Stockade positions:	
Custodian, Guardhouse and Stockade Prisoners' Personal Deposit Fund.....	5,000
Chief Clerk, Guardhouse and Stockade Prisoners' Personal Deposit Fund.....	3,000
Chief Bookkeeper, Guardhouse and Stockade Prisoners' Personal Deposit Fund.....	3,000
Bookkeeper for Property, Guardhouse and Stockade Prisoners' Personal Deposit Fund.....	3,000

<i>Position title</i>	<i>Penal amount</i>
<i>Guardhouse and Stockade positions—Continued</i>	
Mail Clerk, Guardhouse and Stockade Prisoners' Personal Deposit Fund.....	\$3, 000
<i>Hospital Prisoner Ward positions:</i>	
Custodian, Prisoners' Personal Deposit Fund, Hospital Prisoner Ward.....	5, 000
Cashier, Prisoners' Personal Deposit Fund, Hospital Prisoner Ward.....	3, 000
Bookkeeper, Prisoners' Personal Deposit Fund, Hospital Prisoner Ward.....	3, 000
Responsible Individual, Prisoners' Personal Deposit Fund, Hospital Prisoner Ward....	3, 000
<i>Patients' Trust Fund positions:</i>	
Custodian, Patients' Trust Fund.....	10, 000
Cashier, Patients' Trust Fund.....	5, 000
Bookkeeper, Patients' Trust Fund.....	5, 000
Responsible Individual, Patients' Trust Fund.....	5, 000
<i>U.S. Civil Administration, Ryukyus, positions:</i>	
Funding Officer, USCAR.....	10, 000
Deputy Funding Officer, USCAR.....	10, 000
Court Clerk, USCAR.....	5, 000
<i>Miscellaneous positions:</i>	
Texas City Disaster Claims Certifying Officer.....	5, 000
Closing Attorney (Corps of Engineers).....	5, 000
Departmental Certifying Officer.....	5, 000
Field Civilian Payroll Certifying Officer....	5, 000

The term disbursing officer, wherever used above, also includes a finance and accounting officer who disburses public money.

6. Bonded positions within DOD agencies or elements.

<i>Position title</i>	<i>Penal amount</i>
<i>Disbursing positions:</i>	
Disbursing Officer.....	\$10, 000
Deputy to Disbursing Officer.....	10, 000
Special Disbursing Agent.....	5, 000
Deputy to Special Disbursing Agent.....	5, 000
Class B Agent to Disbursing Officer.....	5, 000
Cashier to Disbursing Officer, Special Disbursing Agent, or Class B Agent.....	5, 000
<i>Logistical positions:</i>	
Imprest Fund Cashier (Also known as Cash Purchasing Agent (Imprest Fund Cashier)).....	5, 000
Quartermaster Clothing Sales Store Cashier.....	5, 000
Property Officer (Also known as Supply Officer) (vested with formal accountability for military personal property).....	5, 000
Property Disposal Officer.....	5, 000
Commissary Officer.....	5, 000
Commissary Officer's Representative.....	5, 000
Medical Services Accountable Officer.....	5, 000
Sales Contract Officer and Supervisory Contract Specialist (property disposal operation).....	10, 000

<i>Position title</i>	<i>Penal amount</i>
<i>Logistical positions—Continued</i>	
Cashier to Sales Contracting Officer (property disposal operation).....	\$10, 000
<i>Guardhouse and Stockade Positions:</i>	
Custodian, Guardhouse and Stockade Prisoners' Personal Deposit Fund.....	5, 000
Chief Clerk, Guardhouse and Stockade Prisoners' Personal Deposit Fund.....	3, 000
<i>Patients Trust Fund positions:</i>	
Custodian, Patients' Trust Fund.....	10, 000
Cashier, Patients' Trust Fund.....	5, 000
Responsible Individual, Patient's Trust Fund.....	5, 000
<i>Miscellaneous positions:</i>	
Field Civilian Payroll Certifying Officer....	5, 000

The term disbursing officer, wherever used above, also includes a finance and accounting officer who disburses public money.

7. Liability of surety. *a.* In the event that any individual fills, at the same time or at different times, two or more positions covered in the bond, the surety is liable for losses arising out of each position separately and for amounts up to the limit set forth in paragraphs 5 and 6 for each position, the same as though the positions had been filled by different individuals.

b. In the event a loss is caused through the fraudulent or dishonest acts of two or more individuals filling positions covered by the bond, or through the failure of more than one individual to effect faithful performance of their duties in positions so covered, the surety will be liable to the aggregate of the penalties applicable to each such individual by virtue of the position filled by each.

c. Loss caused by any individual will not affect the liability of the surety for additional losses caused by any other individual.

8. Limitation of action against surety. If, upon the statement of the account of any official of the United States, or of any officer disbursing or chargeable with public money, by the accounting officers of the Government, it appears that he is indebted to the United States, suit therefor must be instituted within 5 years after such statement of account. If suit is not instituted within 5 years, the surety will not be liable for such indebtedness.

9. Records. All installation and activity commanders will maintain a record of all individuals occupying positions under their jurisdiction covered by the position schedule bond. These rec-

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ords consist of orders appointing individuals to positions covered by the bond, orders terminating such appointments, and such other records as may be considered necessary to establish the identity of the individual serving in each position covered by the bond at any given time. In the event the installation or activity is deactivated, the records will be forwarded to the major commander or head of the Department of the Army staff agency or, in the case of Defense Agencies or elements to the Administrative Assistant to the Secretary of Defense.

10. Personnel Occupying Positions Covered by the Position Schedule Bond (Reports Control Symbol FIN-124). *a. Purpose.* The information contained in this report will be used to obtain new bond coverage and in the preparation of a comprehensive report to be furnished the Secretary of the Treasury for inclusion in the annual report which he must submit to the Congress.

b. Preparing agencies.

(1) This report will be prepared by the installation or activity commander who is responsible for the appointment of incumbents to positions covered by a position schedule bond, and forwarded to the major commander or head of the Department of the Army staff agency having command jurisdiction of the installation or activity.

(2) A consolidated command report will be prepared by the major commander or head of the Department of the Army staff agency concerned. Negative reports are not required.

c. Frequency. The report will be prepared annually as of 30 June.

d. Preparation instructions. The report will be prepared in columnar form, the first column listing the applicable bonded positions shown in paragraph 5 and the second column reflecting the number of individuals (total military and civilian personnel) occupying the bonded positions.

e. Routing and due date.

(1) Reports prepared at each installation or activity will be dispatched to the major command or Department of the Army staff agency concerned.

(2) The consolidated report prepared by the major command or Department of the

Army staff agency concerned will be dispatched, in original only, to the Commanding General, Finance Center, U.S. Army, ATTN: Field Services Division, Indianapolis 49, Ind., on or before the 12th working day of July, each year.

f. Form. Report will be forwarded in letter form citing, as the subject, the report title and reports control symbol.

g. Reporting by DOD agencies and elements. Reporting by DOD agencies and elements will be as prescribed by the Administrative Assistant to the Secretary of Defense. The Administrative Assistant to the Secretary of Defense will dispatch reports (either individual for each agency or consolidated) through the Office, Chief of Finance.

11. Losses. *a.* Notification of loss involving a DA position for which a bonded individual is held pecuniarily liable will be forwarded promptly, by the headquarters approving the charge, to the Commanding General, Finance Center, U.S. Army, ATTN: Field Services Division, Indianapolis 49, Ind., giving the full name, grade, and service number of the individual, the amount of the charge, and a brief summation of the factual details, including date the loss occurred (exempt report, par. 397, AR 335-15). The command taking final action on the case will effect collection through normal methods. As soon as collection has been effected a notification thereof will be forwarded to the FCUSA, Field Services Division, making reference to the previous notification and the collection voucher number on which the recovery was made. When installment payments are authorized, the FCUSA, Field Services Division will be notified of that fact and of the date the first cash payment was made or the date the charge is first entered. For loss of funds, see AR 37-103; loss of property, see AR 735-11; loss of patients' personal property and funds, see AR 40-2; loss of prisoners' personal property and funds, see AR 210-174.

b. Losses involving DOD agencies or elements will be processed within DOD in a manner similar to that prescribed by Department of Army, subject to specific instructions thereon issued to such agencies by DOD.

c. Any demand upon the bonding company, involving the positions covered by Army will be

made by the FCUSA, Field Services Division. In the event such action becomes necessary, the headquarters approving the charge will furnish the FCUSA, Field Services Division a complete copy of the approved report of survey or board proceedings and copies of all communications sent to

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By Order of the Secretary of the Army:

Official:

J. C. LAMBERT,
Major General, United States Army,
The Adjutant General.

EARLE G. WHEELER,
General, United States Army,
Chief of Staff.

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